

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION BY LAKE VILLAGE WATER)	
ASSOCIATION, INC., FOR A CERTIFICATE OF)	CASE NO. 98-402
CONVENIENCE AND NECESSITY FOR A)	
FEDERALLY FUNDED CONSTRUCTION PROJECT)	

AMENDED ORDER

On September 17, 1998, Lake Village Water Association, Inc. ("Lake Village") filed a motion requesting the Commission to amend its August 28, 1998 Order, which granted a Certificate of Public Convenience and Necessity and approval of a plan of financing, to include approval of a rate increase. Lake Village states that the terms of the financing agreement with its lender, the U.S. Department of Agriculture's Rural Development ("RD"), require that water rates be increased to provide sufficient revenues to amortize the loan and meet required financial coverage levels. Lake Village indicates that it inadvertently overlooked this requirement when preparing its application to the Commission for approval of the proposed construction and financing. Upon receipt of the Commission's August 28, 1998 Order, RD notified Lake Village that the loan could not be closed unless the needed rate increase was presented to and approved by the Commission.

Lake Village's original application and this request for an amended order are made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and RD and to issue the necessary orders to implement the terms of such agreements once the minimal filing requirements are satisfied. The Commission finds that Lake Village has properly notified its customers of this proposed

rate increase and that this notice satisfies the Commission's minimum filing requirements. Pursuant to KRS 278.023, the Commission has no authority to modify or reject any portion of the agreement between Lake Village and RD.

IT IS THEREFORE ORDERED that:


1. The Commission's August 28, 1998 Order is amended to the extent that Lake Village's proposed water rates, set forth in Appendix A attached hereto, are approved for service rendered on and after the date of this Amended Order.
2. Within 30 days of the date of this Amended Order, Lake Village shall file its revised tariffs setting forth the new rates approved in Appendix A hereto.
3. All provisions of the Commission's August 28, 1998 Order shall remain in full force and effect.

Done at Frankfort, Kentucky, this 1st day of October, 1998.

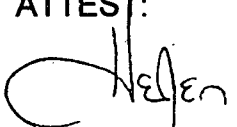
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 98-402 DATED OCTOBER 1, 1998

The following rates and charges are prescribed for the customers in the area served by Lake Village Water Association, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Monthly Water Rates

First	1,000 gallons	\$13.97 Minimum Bill
Next	2,000 gallons	5.35 per 1,000 gallons
Next	2,000 gallons	4.85 per 1,000 gallons
Next	5,000 gallons	4.39 per 1,000 gallons
All Over	10,000 gallons	4.03 per 1,000 gallons